



EXPO

BREAKOUT SESSION:

Getting the Most From a Retail Lease



Agenda

- Why is your lease important?
- Who is your landlord?
- Which parts are negotiable?
- What are your “deal points”?
- Do you have a list of deal-breakers?
- Can you sell your store?

Why is your lease important?

- It is the document that controls what you can do in your business and for how long
- Rent is one of your highest-cost items
- Defines your ability to make money
- Dictates your ability to sell your business
- Protects you from your landlord

Who Is Your Landlord

- Large corporate R.E.I.T.
- Local, hands-on
- What points are important to your landlord?
- Your negotiating options are determined by your landlord's needs & interests and market demand for the property

Which Parts Are Negotiable?

- Virtually every element is negotiable
- What should you negotiate?

What You Should Negotiate (deal points)

- Rental rate-market rate
- Lease term—the longer the term, the more leverage you have
- Free rent-take over entire lease term
- Tenant Improvements (TI)
- Renewal options-more is better
- Assignability-must have
- Exclusivity-important
- Guarantees-avoid personal-early escape language
- Signage-storefront, monuments
- Dedicated Parking
- No landlord “Right to Move Tenant”

Two Key Points

Renewal options:

More is better

Renewal rate @95% of current market

Assignability:

Must be able to transfer all rights, terms and conditions (including renewal options) to a proposed assignee

The “Reasonable” clause

Find all sections of your lease with language similar to:

‘Tenant shall not XXXX without landlords written consent....’

ADD

‘whose consent shall not be unreasonably withheld.’

Who Should Negotiate?

- You, if you are good at it
- Not your lawyer
- Commercial Agent—Must be a Tenant Rep
- Get references on your agent
- Does he/she have a relationship with landlord?
- Focus on the important items
- Include some items you don't need
- Know what your 'deal breakers' are and stick with them
- Be willing to walk away

Seal the Right Deal

- Know who your landlord is
- Understand the market
- Know what you must have, what you'd like to have and what you don't need
- Negotiate in good faith
- Know when to walk away
- Pay a lawyer to make sure it's legal and protects you

Questions?

Thank you!